

A Review of Evaluation Evidence on the Community Business Hypotheses

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Introduction

The following presents insights from a review of Power to Change's (PTC) most recent evaluation reports. The review captured, in a structured form, any evidence relating to the community business hypotheses developed by PTC. Reports relating to the following programmes were reviewed: the Community Business Fund, Trade Up and Bright Ideas¹ (CBF,TU,BI), Empowering Places² (EP), Homes in Community Hands³ (HCH), and Next Generation programme for Community Energy⁴ (NG). The acronyms above are used throughout

In undertaking the review, we reviewed the reports in full (unless a specific section on the hypotheses was present), and captured data pertaining to each hypotheses in a matrix. The review restricted its focus specifically to the hypotheses, orientated around the variables identified for each hypothesis, and the processes described in PTC's [Register of Hypotheses](#).

Below we offer some broad reflections on the reports and the task of validating/falsifying the hypothesis, before detailing evidence for each hypothesis individually.

Broad reflections on the hypotheses

- The evaluation reports contain very little evidence relating specifically to the dependent and independent variables associated with the hypotheses. This suggests evaluators do not have the required data or are not yet applying these measures. This leads to additional questions about whether the variables used to test the hypotheses fail to capture the full range of processes or mechanisms underpinning them.
- Those hypotheses which are based on a composite of other hypotheses (e.g. H5) pose real challenges in terms of testing validity/falsity. They require not only the validation of the individual hypotheses, but also evidence of how they interconnect. Furthermore, there is evidence of CB practices which increase 'sustainability' but which does not fully fit within the parameters of the hypothesis. A tension arises between nullifying a hypothesis on the grounds of little evidence relating directly to its parameters, or validating it on the basis that it's parameters are too narrow.
- The dependent variables used in Hypothesis 8 makes the task of falsifying/validating this hypothesis very difficult. The evaluation reports highlight detailed evidence concerning the seven impact areas, but establishing causal connections to 'collaboration' is an incredibly complex task (which may not be in the evaluator's brief). Hence, when capturing evidence for this hypothesis we focused on any evidence that collaborations impacts on *something*, rather than starting with the seven impact areas and tracing backwards to collaboration.
- The processes outlined in hypotheses may be secondary to some more specific goals of grantees – e.g. the creation of housing and energy infrastructure, or organisational objectives such as financial viability. We should acknowledge that grantees may not necessarily apply these processes, and at times may see it as detrimental to do so.

¹ Renaisi (2020). Power to Change Community Business Fund, Trade Up, Bright Ideas: Annual Report

² Renaisi (2020). Power to Change Empowering Places: Renaisi evaluation annual report

³ Centre for Regional, Economic and Social Research (2020). Homes in Community Hands: Baseline Evaluation Report.

⁴ CAG Consultants (2020). Evaluation of the Next Generation programme for Community Energy: Year One Report

- And related to this, contextual factors often drive CB action. Powerful factors put a brake on the processes outlined in the hypotheses, e.g. where local incomes are low and it is difficult to generate revenue. Contextual factors therefore render the hypotheses difficult to generalise.
- Despite these challenges, some the processes identified in the hypotheses are operating in the CBs studied. For instance, there is evidence of CBs focusing tightly on local need, mass mobilisation volunteers, drawing on critical third-party support, and leveraging assets for financial stability alongside community benefit.

The evidence on each hypothesis

HYPOTHESIS 1 - Knowledge

Community businesses have high levels of customer/service user satisfaction because they understand what people want. This is because the majority of their staff, volunteers and/or customers/service users are from the local area. As a result, they offer better products and services than alternative providers.

- Measurements of customer satisfaction are not apparent in the reports, and developmental projects may not yet be at the stage where this is appropriate. As there is limited information presented on the proportion of staff, volunteers and users are from local areas, the attribution/contribution of this to satisfaction or service quality remains unknown.
- Nonetheless, programmes such as Trade Up are enabling CBs to reach out to different parts of their local community to understand their needs. The associated learning programme has encouraged CBs *'to reach more people with different interests and backgrounds within our local community'* (CBF, TU, BI, p.32). Grantees in the Empowering Places programme are *'listening and being led by the community'* (EP, 2020, p.29). The impact of these processes on customer satisfaction however is unclear.
- Certain evidence helps us unpick and problematise this hypothesis. One grantee in the Empowering Places programme sees their mission as one of educating local people, and offering learning opportunities which can help change behaviours, rather adapting and developing services to meet local needs. Clearly there can be tension between leading change, and delivering requested services.
- Some of the intermediary organisations in the Homes in Community Hands programme are putting their 'customers' at the heart of organisational strategy, service design and allocation of resources. This includes empowering users to control tendering processes for advice and support.
- Community Energy projects can responding to local demands for cheaper or cleaner energy, but may also respond to other local needs through the distribution of their surpluses.
- Some funding is specifically seeking to improve resident involvement and capacity within community-led housing projects, and to increase participation by under-represented groups. Investment in the Cohesive Communities Fund is an example of this. One potential outcome is that CLH groups better reflect and meet the needs of local minority groups. Initial evidence is emerging in Leeds that this is the case.
- Financial pressures mean that some grantees are seeking economies of scale through a broadening of their geographical remit. This can create a tension between service design/delivery and local knowledge and control.

HYPOTHESIS 2 - Employability

Community businesses improve skills development amongst local people by creating jobs and providing development opportunities for those who would otherwise not actively participate in the local labour market.

- Whilst there is significant evidence that grantees are creating jobs, there is only limited evidence that these jobs are going specifically those not outside the current labour market.
- Perhaps the strongest evidence for this is in the Empowering Places programme, where several grantees have focused efforts on skills development and job creation for those currently out of work. An exemplar of this is the ethical recruitment agency established by Centre4 in Grimsby. Centre4 *'work with potential employees to provide training and up-skilling, and work with employers to place people into local jobs...They also offer access to a range of local community projects to help potential employees to practice skills, apply knowledge from training and build confidence. Participants can collect points which can then be exchanged for products, paid courses and services at local businesses. EP, 2020, p.29)*
- There is also evidence that funding in the Homes in Community Hands programme is supporting training and development opportunities for groups who may not be in work. The Organisational Workshop run by the Heart of Hastings engaged 60 unemployed residents to plan the regeneration of a derelict building. Since the programme ended, a number of participants have been attempting to start businesses connected with the building.
- A number of Homes in Community Hands grantees are creating live-work properties, or applying self-help principles where volunteers help renovate property. This is likely to be improving job prospects for those currently unemployed (as shown [in past evaluations of empty homes projects](#)).

HYPOTHESIS 3 -Volunteers

Community businesses use local volunteers to deliver their products and services. They do this by providing formal and informal volunteering opportunities. This also helps them keep their costs down. Volunteers will also report personal development and social benefits.

- There is evidence of significant volunteer input in the programmes evaluated. Estimates suggest that 16,000 people regularly volunteer in organisations funded through the CBF, TU and BI programmes. 70% of those organisations funded through the Next Generation programme are wholly run by volunteers
- There is some evidence to suggest that volunteers have made previously unviable or undeveloped businesses possible through the use of volunteers, *'...some grantees only exist as a community business because local people were motivated to set one up after discovering that their only shop, post office or other local facility was closing'* (CBF, TU, BI, 2020, p.64)
- Volunteers may be benefiting from a variety of training and development opportunities, which may play a role in keeping them engaged.
- And yet, the recruitment and retention of volunteers is clearly one of the biggest challenges facing grantees (CBF, TU, BI, 2020, p.36). This creates questions about the hypothesis and whether contextual factors, or the nature of work undertaken by the CB, affects whether this hypothesis actually operates in practice.

HYPOTHESIS 4 – Social Capital

Community businesses increase bridging social capital by engaging members and/or shareholders in local decision-making through the development of skills and access to information.

- The evaluation reports detail some of the processes involved in reaching out to varied parts of a local community and to wider stakeholders. However, the language of social capital is not used, and rather suggest these processes are aimed at building ‘credibility’ (CBF, TU, BI,p.59) or ‘trust’ (EP, 2020,p.30)
- Evidence of bridging social capital in the Empowering Places programme can be read ‘between the lines’. The evaluators identify new initiatives that have formed through grantee’s community engagement activities, which have inspired people to collectivise and take action on issues they care about. Grantees are connecting specific groups, such as aspiring female leaders, to develop their business ideas and other projects.
- Those funded by the Next Generation programme are using new initiatives to engage distinct groups, for instance, users of electric vehicles in car clubs; and users of community halls and school buildings which they are helping improve (NG, 2020, p.59). Data has been collected on the members of funded organisations, showing some levels of diversity, though it is unclear with this is representative of local populations.
- Programmes have also enabled grantees to engage with a range of strategic partners at a local level, connecting those working in neighbourhoods to wider decision-making processes.
- Some grantees are building significant memberships. This is creating localised ownership of assets, bridging diverse groups within local communities and city regions, and enabling them to make decisions about new housing. However, as noted above, tensions might arise between the locational priorities of members and financial priorities.
- The Homes in Community hands programme is fostering linkages between CLH enablers and CLH projects as they share knowledge and expertise. Dedicated online platforms enable hubs to share information and resources. At a local level CLH enablers are building local networks between projects and broadening the understanding of CLH locally.
- CLH grantees looking to develop more than just housing (e.g. providing shared green or agricultural space) are linking housing residents to their broader community. This hypothesis perhaps does not accurately articulate the ways in which specific CB projects can spark collective action on a range of other local issues.

HYPOTHESIS 5 - Sustainability

Community businesses are less likely to close if they understand what local people want (H1), use local volunteers to deliver their products and services (H3) and engage local people as members and/or shareholders (H4).

- Whilst there is evidence concerning Hypotheses 1, 2 and 3 in isolation (see above), the precise ways in which these connect to make CBs more sustainable is not a focus for the reports reviewed.
- Grantees in the CBF, TU and BI programmes show important processes related to sustainability not captured in the hypotheses. Some grantees are using their focus on community benefit as a way to secure professional services (e.g. roofers, architects) at cheaper rates. This leverages a ‘local belief in the strength, purpose and impact of the community business on the local community’. (CBF, TU and BI,p.60).
- Sustainability may be more to do with contextual factors (such as local spending power) than generic CB ways-of-acting. In the Empowering Places programme some small community businesses have flourished in terms of their community engagement, but growing trading income has proven difficult. Difficulties are experienced ‘*generating income through trading, especially where local people have limited spending*’. (EP, 2020,p.41)

- The sustainability of groups funded through the Homes in Community Hands programme appears to be marginal. Many of the enabler hubs have not yet shown a transition to non-grant sources of income, and several years of grant may be required to make the transition. Even if H1, H3, and H4 are valid and indeed increase potential sustainability, limited potential income may outweigh this.

HYPOTHESIS 6 - Infrastructure

The provision of third-party business development support increases the productivity and resilience of community businesses.

- Whilst evidence on the dependent variables for this hypothesis are difficult to find, some process-related evidence was seen. The evaluation of the Trade Up programme suggests that certain support has improved grantee planning and focus new opportunities. For some it had, *'equipped them with the evidence to support new plans, approaches and ideas to develop focuses and sustainable models across the business'* (CBF,TU, BI, 2020,p.33). This led to *'stronger CBs at the end of the project'* (CBF,TU, BI, 2020,p.36).
- Similarly, in the Empowering Places programme, support components appear to have had an impact. The support of the Catalysts has been important, *'helping them to strengthen and grow'* (EP,2020,p.36). Whether this outcome equates to more resilient CBs is an open question.
- Financial sustainability may be enhanced through business development support. For instance, support provided by intermediaries in the Next Generation programme has *'improved the financial sustainability of those groups that had existing solar assets by reducing their financing costs'* (NG,2020,p.59)
- Nearly a third of the Homes in Community Hands grants have been made to enablers or national CLH bodies, and these are key infrastructure and providers of third-party support. By using those funds to support, and buy-in professional services, for CLH groups the probability of these schemes being developed is greatly enhanced. The proportion of projects developed in these areas (compared with areas without funded hubs) may tell us something about the hub's contribution in terms of the productivity and resilience of local groups.

HYPOTHESIS 7 - Assets

The transfer of local physical assets from public and other bodies stimulates community business growth. This is because they contribute to financial resilience, provide a physical base for operations and generate goodwill.

- Assets appear central to community benefit objectives, and in addressing concerns regarding financial sustainability. For grantees in the CBF programme these dual priorities were shown to be related as acquiring and renovating assets enabled more income to be generated, which could *'then be re-invested in factors such as making other facilities more accessible for those with wheelchairs and prams'* (CBF,TU,BI, 2020, p.34).
- Those holding assets were often the bolstered by grant funding. Counter examples were seen where asset holding organisations had received little grant support and were far less resilient.
- And linked to this, the Next Generation programme suggests offering both financial returns to members, whilst using resources for community benefit, can be a powerful way to increase goodwill and local engagement.
- It is unclear whether this process is universal however, and whether some assets become liabilities that can drain resources.

- There are signs that assets are being/could be used to incubate other CBs. This is noted in reference to B-Inspired, an Empowering Places grantee, as well as in reference to the Observer Building in Hastings (see above)
- For enabler organisations, such as those funded in the Homes in Community Hands programme, there can be a tension between them pursuing their own asset acquisitions and supporting other to acquire. Which is best depends on what outcome is of a higher priority.

HYPOTHESIS 8 - Collaboration

Community Businesses collaborate with others, accessing more resources (i.e. skills and money). This enables them to offer more services, products and activities, benefiting their community.

- As noted above, the extent of dependent variables used to assess this hypothesis will make falsification/validation very difficult. Nonetheless evidence from the evaluations points to some of the important benefits arising from collaboration.
- At a local level, the reports highlight instances where *'new collaborative relationships led to new projects as well as increases in opportunities, learning, profile and income'* (CBF,TU,BI,2020,p.59). One specific example of this reveals how local collaboration and use of rental space had helped a grantee develop referral pathways for its services and start to partner on delivery with other service providers.
- Programmes such as Trade Up have directly facilitated collaboration between grantees, with the peer support elements deemed the most valuable by participants. Similarly, in the Empowering Places programme, grantees have been actively supporting each other (e.g. to incorporate themselves and access business advice). Learning camps are seen as important in developing long term collaborations between CBs.
- Co-operatives may provide a structure through which collaboration can be organised, helping each to become more resilient. This model is being explored by several of the community energy businesses in the Next Generation programme.
- Collaboration is not a panacea however, as Empowering Places grantees identify how over-reliance on Catalysts could create problems in future.
- The Homes in Community Hands programme has some inherent features which foster collaboration between 1) hub grantees and project grantees, which enables the latter to access essential support services and the former to generate revenues, and 2) between different hub grantees through various fora and action learning opportunities created by the programme, and 3) between projects and other CBs (such as community energy companies). It will be important to see if this innately reciprocal arrangement generates the intended impacts.
- Other collaborations in this programme appear critical, as they are enabling access to the capital funding required for housing development. *'Several hubs included community-oriented Registered Providers and Investment Partners amongst their core members...Close relationships and partnerships with such developer organisations appear essential if the potential of CLH is to translated into a significant volume[s]'* (HCH, 2020, p.11)